



Requirements for corporate officers

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Officers are automatically covered for unemployment insurance unless specifically exempted by the business

This fact sheet describes unemployment-insurance registration requirements for officers of corporations that do business in Washington.

Requirements and deadlines

As of January 2009, corporate officers living in Washington are automatically covered for unemployment insurance unless their employer specifically exempts them. Corporations must apply for exemptions if they choose not to cover corporate officers for unemployment insurance (RCW 50.04.165). In addition, employers must report the corporate officers that own 10 percent or more of the stock in the business.

- If a corporation requests an exemption when it first registers as an employer, the exemption takes effect immediately.
- If it requests an exemption after the business is registered, a request must be sent to Employment Security by January 15 for the exemption to take effect that calendar year. If postmarked or faxed after January 15, the exemption will not take effect until the following year. This also applies to officers elected or appointed after January 15. The law provides that an exemption can take effect only on January 1 and does not allow it to be retroactively applied after January 15.

Pros and cons of coverage and exemption

If corporate officers are covered for unemployment, they must be reported as employees and state unemployment-insurance taxes must be paid on their wages each quarter. This also means that they may be eligible for unemployment benefits if they lose their jobs.

If officers are exempt from coverage, corporations are not required to report them nor pay state unemployment-insurance taxes on them, and the officers would not be eligible for benefits if they lose their jobs. However, the corporation must pay full federal unemployment-insurance taxes (FUTA) on them.

Corporations may exempt some officers and not others

Nothing restricts a corporation from choosing to exempt some officers and not others. However, once a corporation chooses to exempt an officer, the corporation cannot elect to reinstate the officer except under very limited conditions. For certain private corporations, no more than eight officers may be exempted.

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Contact

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